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SECURITY INFORMATION

AUG 21 1953

CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

21 August 1953

SUBJECT: SE-49: THE CURRENT OUTLOOK IN IRAN  
(Staff Draft for Board Consideration)

ESTIMATE

1. Any estimate of future developments in Iran must necessarily be tentative until further information is available on the alignment of forces in the present crisis and on the character and intentions of the new government of General Zahedi. Nevertheless, we believe that, barring unexpected developments, the new government will be able to consolidate its control over the country without great difficulty.

2. The security forces appear to be responding to the appeal of the Shah's authority, and the relatively few confirmed pro-Mossadeq men within the top command have either been removed or are accepting the change. Mossadeq himself has surrendered, and it is extremely unlikely that the relatively small organized groups which supported him to the end will be able to offer any serious resistance. The tribes, many of

which appear to have backed the Shah against Mossadeq, have shown no disposition to take advantage of the situation.

3. The new government will be strongly opposed by the Communist Tudeh Party, whose support of Mossadeq in recent months was largely motivated by the desire to prevent the "counter-revolutionary" forces around the Shah from regaining the ascendancy. However, Tudeh is not now capable of effectively battling the security forces, which will almost certainly take strong action against it. In addition, Tudeh may lose some of its recently demonstrated ability to marshal popular support as a result of the resurgence of anti-Communist, pro-Shah sentiment in the last few days. Even if Tudeh feels compelled to make an all-out effort, we consider Soviet military intervention in its support to be extremely unlikely.

4. The new government will probably enjoy a wide degree of popular support, at least initially. Despite the enormous popularity and prestige which Mossadeq achieved through his achievement of oil nationalization, he failed to develop a strong organized body of loyal followers, and as time went on progressively lost the support of most of the important political figures in Iran, including Kashani and other leading members of the original National Front. His popular appeal had also

begun to weaken, in part because of a growing sense of uncertainty and insecurity over his failure to solve the oil question, but even more because of his increasingly violent attacks on the Shah and open collaboration with Tudeh. At the end he was a virtual dictator, who was able to survive mainly because of his control of the machinery of government, his own indomitable personality, and Tudeh's assistance. Anti-Mossadeq, anti-Tudeh mob pressure played an important and possibly critical role in Mossadeq's downfall. Although he might conceivably have rallied popular sentiment behind him again had the opportunity arisen, it is probable that most of those who might have supported him are now at least temporarily reconciled to the change.

5. Beyond the immediate task of consolidating its control, the major problem confronting the new regime is the difficult one of establishing and maintaining a working alliance among the various groups which collaborated in Mossadeq's downfall. Although General Zahedi will probably seek to be a strong premier, his early announcements have laid great stress on the re-establishment of constitutional government under the Shah, and he will probably go ahead with new Majlis elections as soon as he feels the ground is properly organized. He thus will have to work out compromises on patronage and policy among such divergent groups as the military leaders most closely associated with him,

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violent and unreliable nationalists such as Kashani and Baghai, and old guard conservative landowners. In addition, he may have difficulty in retaining the active support of the Shah.

6. These considerations will have an important bearing on the policies Zahedi will attempt to pursue. In general, however, the new government will probably operate along the following lines:

a. It will probably seek a resolution of the oil dispute and will probably be more willing to negotiate freely than Mossadeq was. However, it will almost certainly expect a flexible attitude on the part of the British. Although we are unable to estimate precisely what demands the Zahedi government will make of the British, it will almost certainly reject any restoration of British control or influence over oil operations within Iran, both on grounds of principle and for fear of ultranationalist objection.

b. It will almost certainly expect an easing of the US attitude toward Iran now that Mossadeq is gone. Although it will probably wish to avoid any sign of dependence on the US, it will probably seek additional US economic development aid and may request emergency financial assistance to meet current budgetary deficits, which now amount to about \$        million a month. It may also seek additional military aid, although it would probably refuse any defense commitment to the US.

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c. It will probably continue with a vigorous anti-Communist attitude at home and may well break off current negotiations with the USSR.

d. Although it will probably seek to initiate an economic reform and development program, little progress is likely in the absence of an oil settlement or substantially increased US aid.